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Page 1

IN THE UNITED STATES DISTRICT COURT FOR THE  
WESTERN DISTRICT OF VIRGINIA  
ROANOKE DIVISION

THOMAS W. LOVEGROVE, )  
                          )  
                          Plaintiff, )  
                          )  
vs.                      ) CIVIL NO. 7:14-CV-00329-MFU  
                          )  
OCWEN HOME LOANS SERVICING, )  
L.L.C.,                  )  
                          )  
                          Defendant. )  
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DEPOSITION OF  
DEREK CHA  
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June 1, 2015 - 12:00 p.m.

Richmond, Virginia

**EXHIBIT I**

Page 2

1 A P P E A R A N C E S  
2  
3

4 FOR THE PLAINTIFF:

5 Gary M. Bowman, Esquire  
6 2728 Colonial Avenue  
7 Suite 100  
8 Roanoke, Virginia 24015  
9 (540) 343-1173

10 FOR THE DEFENDANT:

11 GOODELL, DEVRIES, LEECH & DANN, L.L.P.  
12 By: Christopher M. Corchiarino, Esquire  
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[cwohlfort@gdldlaw.com](mailto:cwohlfort@gdldlaw.com)

13  
14 Also Present: Thomas W. Lovegrove  
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Page 37

1 you began discussing an exclusivity contract?

2 A. I believe so.

3 Q. And then over the course of that year it was  
4 just talk, nothing was ever reduced to any writing anywhere?

5 A. I think that would be correct.

6 Q. As part of those negotiations, did SweetFrog  
7 ever ask for any documents from BayWatch about his ability  
8 to perform on an exclusivity contract?

9 A. No.

10 Q. Did you talk with any lawyers about drafting  
11 out an agreement for an exclusivity contract?

12 A. No.

13 Q. So it's more of just an agreement to agree at  
14 that point in time?

15 A. I believe so.

16 Q. Where you say here, "Which would have numbered  
17 at least 250 stores," you did not build 250 stores since  
18 2013?

19 A. By the end of 2014 we had over 350 stores.

20 Q. Right, but between October of 2013 and at the  
21 end of 2014 you did not build 250 company stores?

22 A. No.

23 Q. It was 25 or less stores during that period of  
24 time?

25 A. That's correct.

Page 38

1           Q. And do you know when the contracts for those  
2 stores were entered into?

3           A. The contracts for which?

4           Q. The 25 stores that you built between October  
5 of 2013 and the end of 2014.

6           A. No, I don't.

7           Q. How would the process have worked if you had  
8 chosen to use just BayWatch as the contractor for all the  
9 remaining stores?

10          A. We would have -- if Tom were to extend credit  
11 to our corporate stores and also to our franchisees, then we  
12 would enter into contract for each location. He would give  
13 us the terms, and then we will sign the contract.

14          Q. So it would still be up for review with each  
15 new location?

16          A. Each location would have been differently  
17 priced, so yes.

18          Q. I mean, if he came back with a bid that was a  
19 lot more expensive than the prior bid, he might have not  
20 been used for future store locations?

21          A. That is correct.

22          Q. And if he wasn't able to appropriately staff,  
23 he would not have been able to get future contracts?

24          A. That is correct.

25          Q. And if he wasn't able to get the proper

Page 39

1       licensing in another state, he would not have been able to  
2       get that contract?

3           A.     Yes, of course.

4           Q.     There are a variety of factors that would  
5       have -- unknown factors that could have come into play,  
6       correct?

7           A.     That is correct.

8           Q.     And you personally didn't review any of those  
9       materials?

10          A.     No.

11          Q.     That was not part of your job, correct?

12          A.     No.

13          Q.     That was Jerry's job, to review that?

14          A.     Yes.

15          Q.     Not something you have personal knowledge to  
16       be able to speak about?

17          A.     That's correct.

18          Q.     Do you know the name Barry Pruitt?

19          A.     Yes.

20          Q.     Who is Barry Pruitt?

21          A.     He is a contractor.

22          Q.     A contractor that SweetFrog used?

23          A.     Yes.

24          Q.     Why did you use Barry Pruitt?

25          A.     Because Jerry hired him.